

**Memorandum**

**To:** Education Task Force Members  
**From:** Lindsay Russell, Director, Education Task Force, ALEC  
**Re:** 35-Day Mailing  
**Date:** March 28, 2014

The American Legislative Exchange Council will host its Spring Task Force Summit May 1-2 at the Kansas City Marriott Downtown in Kansas City, Missouri. If you have not yet registered, the Spring Task Force Summit agenda, registration, and hotel information are available online. Please note that the cut-off for early registration and hotel reservations is April 4th.

All Education Task Force members should plan on attending the following on ***Friday, May 2nd:***

***9:00 to 11:00 a.m. Education Subcommittee Meeting***  
***11:30 to 12:00 p.m. Joint Education & Tax Finance Working Group***  
***12:30 to 1:30 p.m. Education Task Force Lunch***  
***2:00 to 5:00 p.m. Education Task Force Meeting***

**Enclosed Materials:**

- Faxable registration and housing forms for the ALEC Spring Task Force Summit
- Agenda for the ALEC Spring Task Force Summit
- Tentative Agenda for the Education Subcommittee Meeting
- Tentative Agenda for the Education Task Force Meeting
- Education Task Force Proposed Model Policy for Consideration
- Education Task Force Model Policy for Sunset Review

As a reminder, the attached is not official ALEC model policy until it passes both the Education Task Force and the ALEC National Board of Directors.

I look forward to seeing everyone in Kansas City! To ensure a successful, informative, and productive meeting, please review all information and model policy. If you have any questions or concerns regarding the meeting, feel free to contact me at [lrussell@alec.org](mailto:lrussell@alec.org) or 202-725-7764.

Sincerely,



Lindsay Russell  
Director, Education Task Force

# 2014 ALEC SPRING TASK FORCE SUMMIT

May 1 - 2, 2014

Kansas City Marriott Downtown  
200 W 12th St • Kansas City, MO 64105

## ATTENDEE REGISTRATION / HOUSING FORM

Early registration deadline: April 4, 2014

Housing cut-off date: April 4, 2014



Online [www.alec.org](http://www.alec.org) Email [meetings@alec.org](mailto:meetings@alec.org) Fax 703.373.0932 Phone / Questions 571.482.5056 (Mon-Fri, 9am-5pm EST)

### ATTENDEE INFORMATION

Prefix \_\_\_\_\_ First Name \_\_\_\_\_ Middle Initial \_\_\_\_\_ Last Name \_\_\_\_\_ Suffix(s) : \_\_\_\_\_  
Badge Nickname: \_\_\_\_\_ Title \_\_\_\_\_  
Organization (required) \_\_\_\_\_  
Preferred Mailing Address: ☐ Business ☐ Home \_\_\_\_\_  
City \_\_\_\_\_ State/Province \_\_\_\_\_ Country \_\_\_\_\_ ZIP/Postal code \_\_\_\_\_  
Preferred Phone ☐ Work ☐ Home ☐ Mobile \_\_\_\_\_ Alternate phone ☐ Work ☐ Home ☐ Mobile \_\_\_\_\_ Fax \_\_\_\_\_  
Email (confirmation will be sent by email) \_\_\_\_\_  
On-site Emergency Information Name of Person to Contact: \_\_\_\_\_ Phone \_\_\_\_\_ Relationship to You: \_\_\_\_\_  
Do you have any special physical, dietary (for example, vegetarian, kosher), or other needs: ☐ Yes ☐ No  
If yes, please describe: \_\_\_\_\_

☐ This is my first time attending an ALEC event.

**\*Spouse / Guest:** If registering a spouse or guest, please complete the spouse/guest registration form. Spouse / guest registration is meant to accommodate legal spouses and immediate family members. Attendees from the same organization must register independently.

### REGISTRATION INFORMATION

**\*\* Please note that member fees are subject to verification**

	EARLY until April 4	ON-SITE begin April 5
<input type="checkbox"/> ALEC Legislative Task Force Member	\$ 150	\$ 150
<input type="checkbox"/> ALEC Private Sector Task Force Voting Member	\$ 275	\$ 275
<input type="checkbox"/> ALEC Non-Profit Task Force Voting Member	\$ 275	\$ 275
<input type="checkbox"/> ALEC Legislative Member/ Non-Task Force Member	\$ 300	\$ 400
<input type="checkbox"/> Private Sector Member/ Non-Task Force Member	\$ 550	\$ 650
<input type="checkbox"/> ALEC Non-Profit Member (501(c)(3) status required)/ Non-Task Force Member	\$ 475	\$ 575
<input type="checkbox"/> Legislative/ Non-Member	\$ 400	\$ 500
<input type="checkbox"/> Private Sector/ Non-Member	\$ 675	\$ 825
<input type="checkbox"/> Non-Profit Non-Member (501(c)(3) status required)	\$ 625	\$ 725
<input type="checkbox"/> Legislative Staff/ Government	\$ 400	\$ 500
<input type="checkbox"/> ALEC Alumni	\$ 350	\$ 450
<input type="checkbox"/> ALEC Legacy Member	\$ 0	\$ 0

### METHOD OF REGISTRATION PAYMENT

**Credit Card:** Credit cards will be charged immediately.

☐ Amer Express ☐ Visa ☐ MasterCard

Card # \_\_\_\_\_

Cardholder (please print) \_\_\_\_\_

Exp Date (mm/yy) \_\_\_\_\_ Security Code \_\_\_\_\_

Signature \_\_\_\_\_

### REGISTRATION CANCELLATION / REFUND INFORMATION

Registrations cancelled prior to 5pm EST April 4, 2014 are subject to a \$100 cancellation fee. Registrations are non-refundable after 5pm EST April 4, 2014.

REGISTRATION FEES: \$ \_\_\_\_\_

**Note:** Registration forms with enclosed payments must be received by April 4, 2014 to be eligible for early bird registration rates. Forms and/or payments received after April 4, 2014 will be subject to the on-site registration rate.

### REGISTRATION CONFIRMATION INFORMATION

Online registrants will receive immediate email confirmation. If registering by form, confirmation will be emailed, faxed, or mailed within 72 hours of receipt of payment.

### HOUSING

### RESERVATION CUTOFF FOR ALEC DISCOUNTED RATE IS April 4, 2014

Kansas City Marriott Downtown Arrival Date \_\_\_\_\_ Departure Date \_\_\_\_\_

Sharing with: (Maximum 4 guests per room)

#### Room Type

<input type="checkbox"/> Single	(1 person – 1 bed)	\$149
<input type="checkbox"/> Double	(2 persons – 1 bed)	\$149
<input type="checkbox"/> Double/ Double	(2 persons – 2 beds)	\$149
<input type="checkbox"/> Triple	(3 persons – 2 beds)	\$149
<input type="checkbox"/> Quad	(4 persons – 2 beds)	\$149

#### Special requests

☐ ADA room required:  
\_\_\_\_ Audio \_\_\_\_ Visual \_\_\_\_ Mobile  
☐ Rollaway / crib: \_\_\_\_\_  
☐ Other: \_\_\_\_\_

#### Credit Card Information/ Reservation Guarantee

Credit Card information is required at time of reservation to guarantee the reservation. Card must be valid through December 2014.

☐ Please use the same credit card information as above.

☐ Amer Express ☐ Visa ☐ MasterCard ☐ Discover

Card # \_\_\_\_\_

Cardholder (please print) \_\_\_\_\_

Exp Date (mm/yy) \_\_\_\_\_ Security Code \_\_\_\_\_

Signature \_\_\_\_\_

Room types and special requests are not guaranteed.

All rates DO NOT include city development fee \$1.75 and room tax currently 16.85% (subject to change)

Note: Cutoff for reservations at the ALEC rate is April 4, 2014. After April 4, 2014, every effort will be made to accommodate new reservations, based on availability and rate. The hotel will assign specific room types at check in, based upon availability.

### HOUSING CONFIRMATION INFORMATION

Online reservations will receive immediate email confirmation. Reservations received by form will be confirmed via email, fax, or mail within 72 hours of receipt.

### HOUSING CANCELLATION / REFUND INFORMATION

Credit cards will be charged one night room and tax in the event of a no show or if cancellation occurs within 72 hours prior to arrival. Please obtain a cancellation

# 2014 ALEC SPRING TASK FORCE SUMMIT

May 1 - 2, 2014

Kansas City Marriott Downtown

200 W 12th St • Kansas City, MO 64105



## SPOUSE/GUEST REGISTRATION FORM

**Online**  
www.alec.org

**Fax (credit cards only)**  
703.373.0932

**Phone / Questions** • Mon-Fri, 9am-5:00 pm EST  
571.482.5056

### ATTENDEE INFORMATION IS REQUIRED TO REGISTER A SPOUSE OR GUEST

First Name \_\_\_\_\_ Last Name \_\_\_\_\_

Organization \_\_\_\_\_

Daytime phone \_\_\_\_\_

Email (Confirmation will be sent by email) \_\_\_\_\_

### SPOUSE / GUEST REGISTRATION

#### SPOUSE / GUEST REGISTRATION GUIDELINES

1. Spouse / guest registration is meant to accommodate legal spouse and immediate family members.
2. Attendees from the same organization must register independently. No exception will be made.
3. Spouse / guest designation will be clearly visible on name badge.

Prefix \_\_\_\_\_ Last Name \_\_\_\_\_ First Name \_\_\_\_\_ Middle initial \_\_\_\_\_ Badge Nickname \_\_\_\_\_

Prefix \_\_\_\_\_ Last Name \_\_\_\_\_ First Name \_\_\_\_\_ Middle initial \_\_\_\_\_ Badge Nickname \_\_\_\_\_

Prefix \_\_\_\_\_ Last Name \_\_\_\_\_ First Name \_\_\_\_\_ Middle initial \_\_\_\_\_ Badge Nickname \_\_\_\_\_

SPOUSE / GUEST REGISTRATION FEES	Number of Spouse/Guest(s)	Fee	TOTAL
<input type="checkbox"/> Spouse / Guest <i>please note name(s) above</i>	_____	\$ 50	\$ _____

#### METHOD OF SPOUSE / GUEST REGISTRATION PAYMENT

**Credit Card:** Credit cards will be charged immediately. Please fax to the above number for processing.

- ☐ Amer Express Card # \_\_\_\_\_
- ☐ Visa Cardholder (please print) \_\_\_\_\_
- ☐ MasterCard Exp Date (mm/yy) \_\_\_\_/\_\_\_\_ Security Code \_\_\_\_\_
- Signature \_\_\_\_\_

#### REGISTRATION CONFIRMATION INFORMATION

Online registrants will receive immediate email confirmation. If registering by form, confirmation will be emailed within 72 hours of receipt of payment.

#### REGISTRATION CANCELLATION / REFUND INFORMATION

Registrations are non-refundable after 5pm EST April 4, 2014.

## **2014 Spring Task Force Summit Schedule of Events**

**Friday, May 2<sup>nd</sup>, 2014**

9am – 12pm Subcommittee Meetings

12:30pm – 1:30pm Task Force Luncheons

2pm- 5pm Task Force Meetings

5:30pm – 7pm Kansas City Reception

**Education Task Force  
Subcommittee Meeting**  
Spring Task Force Summit | Friday, May 2nd  
9:00 a.m. – 11:00 a.m.

**Tentative Agenda**

**9:00 a.m. Welcome and Introductions**

Rep. Greg Forristall, Iowa, Public Sector Task Force Chair  
Jonathan Butcher, Goldwater Institute, Private Sector Task Force Chair

**9:10 a.m. Review and Update ALEC's Education Principles**

**9:30 a.m. K-12 Education Reform**

***Proposed Model Policies for Consideration:***

- Educational Choice Tax Credit Program Act (Scholarship Tax Credits)
- Teacher Quality Assurance Act
- Student Futures Program Act

***Sunset Review***

- Founding Principles Act
- The Public School Financial Transparency Act

**10:20 a.m. Digital Learning**

***Sunset Review***

- Online Learning Clearinghouse Act

**10:25 a.m. Higher Education**

***Sunset Review***

- Credit Articulation Agreements Act
- Inclusive College Savings Plan Act
- Higher Education Scholarships for High School Pupils Act

**10:50 a.m. STEM**

**11:00 a.m. Good of the Order/Adjournment**

**Education Task Force Meeting**  
Spring Task Force Summit | Friday, May 2nd  
2:00 p.m. – 5:00 p.m.

**Tentative Agenda**

- 2:00 p.m. Welcome and Introductions**
- 2:40 p.m. Review of the Operating Procedures and Approval of Meeting Minutes**
- 2:45 p.m. Education Reform Presentation**  
“The Best Course on Course Choice”
- 3:05 p.m. Review and Update ALEC’s Education Principles**
- 3:25 p.m. Proposed Model Policy Discussion and Voting**
- Teacher Quality Assurance Act
  - Student Futures Program Act
- 4:00 p.m. Digital Learning Presentation**  
“1:1 Devices vs. High Quality Computer Assisted Instruction”
- 4:20 p.m. Proposed Model Policy Discussion and Voting**
- The Educational Choice Tax Credit Program Act (Scholarship Tax Credits)
- 4:35 p.m. Presentation**
- 4:45 p.m. Model Policy Discussion and Voting: Sunset Review**
- Credit Articulation Agreements Act
  - Inclusive College Savings Plan Act
  - Founding Principles Act
  - Online Learning Clearinghouse Act
  - The Public School Financial Transparency Act
  - Higher Education Scholarships for High School Pupils Act
- 5:00 p.m. Good of the Order/Adjournment**

**Student Futures Program Act  
(DRAFT, May 2, 2014)**

***Summary***

This act creates a career planning program.

***Model Legislation***

**Section 1. Title.** This Act shall be known as the “Student Futures Program”

**Section 2. Definitions.**

(A) "Education provider" means:

(1) {insert state} institution of higher education as defined in {insert applicable state law}; or

(2) {insert state} provider of postsecondary education.

(B) "Student user" means:

(1) {insert state} student in kindergarten through grade 12;

(2) {insert state} post-secondary education student;

(3) a parent or guardian of a {insert state} public education student; or

(4) {insert state} potential post-secondary education student.

(C) "Other user" means:

(1) a jobseeker;

(2) an adult user;

(3) a {insert state} business user; or

(4) any {insert state} citizen.

(D) “Student Futures” means a career planning program developed and administered by the Department of Workforce Services, the State Board of Regents, and the State Board of Education.

(E) "Student Futures Steering Committee" means a committee of members designated by the governor to administer and manage Student Futures in collaboration with the Department of Workforce Services, the State Board of Regents, and the State Board of Education.

**Section 3. Student Futures Funding.**

51 (A) The Student Futures Steering Committee shall ensure, as funding allows and is feasible,  
52 that Student Futures will:

53  
54 (1) allow a student user to:

55  
56 (a) access the student user's full academic record;

57  
58 (b) electronically allow the student user to give access to the student user's  
59 academic record and related information to an education provider as allowed  
60 by law;

61  
62 (c) access information about different career opportunities and understand the  
63 related educational requirements to enter that career;

64  
65 (d) access information about education providers;

66  
67 (e) access up to date information about entrance requirements to education  
68 providers;

69  
70 (f) apply for entrance to multiple schools without having to fully replicate the  
71 application process;

72  
73 (g) apply for loans, scholarships, or grants from multiple education providers  
74 in one location without having to fully replicate the application process for  
75 multiple education providers; and

76  
77 (h) research open jobs from different companies within the user's career  
78 interest and apply for those jobs without having to leave the website to do so;

79  
80  
81  
82 (3) allow the Department of Workforce Services to analyze and report on student user  
83 interests, education paths, and behaviors within the education system by redirecting  
84 appropriations from the general fund so as to predictively determine appropriate  
85 career and educational outcomes and results consistent with FERPA requirements and  
86 State provisions regarding student privacy; and

87  
88 (4) allow all users of the Student Futures' system to communicate and interact through  
89 social networking tools within the Student Futures website as allowed by law.

90  
91 (B) On or before **{insert date}**, the State Board of Education, in consultation with the Student  
92 Futures Steering Committee, may select a technology provider, through a request for  
93 proposals process, to provide technology and support for Student Futures by redirecting  
94 appropriations from the general fund.

95  
96 (C) In evaluating proposals under Subsection (B), the State Board of Education and the  
97 Student Futures Steering Committee shall ensure that the technology provided by a proposer:

98  
99 (1) allows Student Futures to license and host the selected technologies on Student  
100 Futures' servers;



- 101  
102 (2) allows Student Futures to protect and control all user data within the system;  
103  
104 (3) allows Student Futures to directly control and update the user interface, APIs, and  
105 web services software layers as needed; and  
106  
107 (4) provides the ability for a student user to have a secure profile and login to access  
108 and to store personal information related to the services listed in Subsection (A) via  
109 the Internet.  
110

111 **Section 4. {Severability clause.}**

112 **Section 5. {Repealer clause.}**

113 **Section 6. {Effective date.}**

114 **Section 7. This program and the student futures committee will sunset after 3 years**  
115 **subject to legislative renewal.**

1 **Teacher Quality Assurance Act**  
2 **(DRAFT, May 2, 2014)**

3  
4 ***Summary***  
5

6 This model policy prohibits a school district from utilizing a last-hired, first-fired layoff  
7 policy when reducing staff. Additionally, the model policy requires the Education Interim  
8 Committee, in consultation with the State Board of Education, to study how the  
9 performance of teachers may be evaluated for the purpose of awarding or eliminating  
10 teacher career employee status.  
11

12 ***Model Policy***  
13

14 **Section 1. Title.** This model policy shall be known as the "Teacher Quality Employment  
15 Act"  
16

17 **Section 2. Definitions.**  
18

19 (A) As used in this chapter:  
20

21 (1) "Career employee" means an employee of a school district who has obtained a  
22 reasonable expectation of continued employment based upon **{insert appropriate**  
23 **state law}** and an agreement with the employee or the employee's association,  
24 district practice, or policy.  
25

26 (2) "Contract term" or "term of employment" means the period of time during  
27 which an employee is engaged by the school district under a contract of  
28 employment, whether oral or written.  
29

30 (3) "Dismissal" or "termination" means:  
31

32 (a) termination of the status of employment of an employee;  
33

34 (b) failure to renew or continue the employment contract of a career  
35 employee beyond the then-current school year;  
36

37 (c) reduction in salary of an employee not generally applied to all  
38 employees of the same category employed by the school district during the  
39 employee's contract term; or  
40

41 (d) change of assignment of an employee with an accompanying reduction  
42 in pay, unless the assignment change and salary reduction are agreed to in  
43 writing.  
44

45 (4) "Employee" means a career or provisional employee of a school district, but  
46 does not include:

(a) the district superintendent, or the equivalent at the Schools for the Deaf and the Blind;

(b) the district business administrator or the equivalent at the Schools for the Deaf and the Blind; or

(c) a temporary employee.

(5) "Last-hired, first-fired layoff policy" means a staff reduction policy that mandates the termination of an employee who started to work for the district most recently before terminating a more senior employee.

(6) "Provisional employee" means an individual, other than a career employee or a temporary employee, who is employed by a school district.

(7) "School board" or "board" means a district school board or its equivalent at the Schools for the Deaf and the Blind.

(8) "School district" or "district" means:

(a) a public school district; or

(b) the Schools for the Deaf and the Blind.

(9) "Temporary employee" means an individual who is employed on a temporary basis as defined by policies adopted by the local board of education. If the class of employees in question is represented by an employee organization recognized by the local board, the board shall adopt its policies based upon an agreement with that organization. Temporary employees serve at will and have no expectation of continued employment.

### **Section 3. Necessary staff reduction not precluded -- Last-hired, first-fired layoffs prohibited.**

(A) Nothing in this chapter prevents staff reduction if necessary to reduce the number of employees because of the following:

(1) declining student enrollments in the district;

(2) the discontinuance or substantial reduction of a particular service or program;

(3) the shortage of anticipated revenue after the budget has been adopted; or

(4) school consolidation.

(B) A school district may not utilize a last-hired, first-fired layoff policy when terminating school district employees.

(C) A school district may consider the following factors when terminating a school district employee:

(1) the results of an employee's performance evaluation; and

(2) a school's personnel needs.

#### **Section 4. Education Interim Committee Study on Performance Based Evaluations.**

During the {insert year} interim, the Education Interim Committee, in consultation with the State Board of Education, shall study how the performance of teachers may be evaluated for the purpose of awarding or eliminating teacher career employee status.

#### **Section 5. Severability clause.**

#### **Section 6. Repealer clause.**

#### **Section 7. Effective date.**

**The Educational Choice Tax Credit Program Act (Scholarship Tax Credits)**  
**(DRAFT, May 2, 2014)**

***Summary***

The Educational Choice Tax Credit Program authorizes a tax credit for individual and corporate contributions to organizations that provide educational scholarships to eligible students so they can attend qualifying public or private schools of their parents' choice.

***Model Legislation***

**Section 1. {Title.}** The Educational Choice Tax Credit Program Act

**Section 2. {Definitions.}**

(A) "Program" means the Educational Choice Tax Credit Program.

(B) "Eligible student" means a student who:

(1) is a member of a household whose total annual income the year before he or she receives an educational scholarship under this program does not exceed an amount equal to two times the income standard used to qualify for a free or reduced-price lunch under the national free or reduced-price lunch program established under 42 USC Section 1751 et seq. Once a student receives a scholarship under this program, the student will remain eligible regardless of household income until the student graduates high school or reaches 21 years of age.<sup>1</sup>

(2) was eligible to attend a public school in the preceding semester or is starting school in {state} for the first time;<sup>2</sup>

(3) Resides in {state} while receiving an educational scholarship.

(C) "Low-income eligible student" means a student who qualifies for a free or reduced-price lunch under the national free or reduced-price lunch program established under 42 USC Section 1751 et seq.<sup>3</sup>

(D) "Parent" includes a guardian, custodian, or other person with authority to act on behalf of the child.

(E) "Department" means the state Department of Revenue.

(F) "Qualifying school" means either a public school outside of the resident school district, or any private school that provides education to elementary and/or secondary

students and has notified the Department of its intention to participate in the program and comply with the program's requirements.<sup>4</sup>

(G) "Educational scholarships" means grants to students to cover all or part of the cost of a qualifying student to be educated, including, but not limited to:

1) tuition and fees at either a qualifying private school or a qualifying public school, including education-related transportation expenses; and/or

2) other instruction-related expenses, including but not limited to, online learning services, tutoring services, and instruction-related materials and equipment, subject to the approval of the Department and the scholarship granting organization. Educational expenses shall not include the cost of a parent's time expended in the home schooling of his or her child.

(H) "Scholarship Granting Organization" means an organization that complies with the requirements of the state's school scholarship tax credit program and provides or is approved by the Department to provide educational scholarships to students.

### **Section 3. {Basic Elements of the Educational Choice Tax Credit Program.}**

(A) A taxpayer who files a state income tax return and is not a dependent of another taxpayer may claim a credit for a contribution made to a scholarship granting organization.

(B) In the first five years of the program, the tax credit may be claimed by an individual taxpayer or a married couple filing jointly in an amount equal to the total contributions made to a scholarship granting organization for educational scholarships during the taxable year for which the credit is claimed.<sup>5</sup> Beginning in the sixth year of the program, the amount of the taxpayer's tax liability which is eligible for a credit will decrease by 10 percentage points each year until the tenth year of the program and beyond, when the tax credit may be claimed up to 50 percent of the taxpayer's tax liability.

(C) In the first five years of the program, the tax credit may be claimed by a corporate taxpayer in an amount equal to the total contributions made to a scholarship granting organization for educational scholarships during the taxable year for which the credit is claimed.<sup>5</sup> Beginning in the sixth year of the program, the amount of the taxpayer's tax liability which is eligible for a credit will decrease by 10 percentage points each year until the tenth year of the program and beyond, when the tax credit may be claimed up to 50 percent of the taxpayer's tax liability.

(D) A corporate taxpayer, an individual taxpayer, or a married couple filing jointly may carry forward a tax credit under this program for three years.<sup>6</sup>

### **Section 4. {Responsibilities of Scholarship Granting Organizations.}**<sup>7</sup>

(A) Administrative Accountability Standards. All scholarship granting organizations shall:

(1) notify the Department of their intent to provide educational scholarships to students attending qualifying schools;

(2) demonstrate to the Department that they have been granted exemption from the federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code;

(3) distribute periodic scholarship payments as checks made out to a student's parent or guardian and mailed to the qualifying school where the student is enrolled. The parent or guardian must endorse the check before it can be deposited;

(4) provide a Department-approved receipt to taxpayers for contributions made to the organization;

(5) ensure that at least 90 percent of their revenue from donations is spent on educational scholarships, and that all revenue from interest or investments is spent on educational scholarships;

(6) spend each year a portion of their expenditures on scholarships for low-income eligible students that is at minimum equal to the percentage of low-income eligible students in the county where the scholarship granting organization expends the majority of its scholarships;<sup>8</sup>

(7) ensure that at least X percent of first-time recipients of educational scholarships were not continuously enrolled in a private school during the previous year;<sup>9</sup>

(8) not grant multiyear scholarships to participating students in one approval process;

(9) carry forward no more than 25 percent of their revenue from donations from the state fiscal year in which they were received to the following state fiscal year;

(10) cooperate with the Department to conduct criminal background checks on all of their employees and board members and exclude from employment or governance any individual(s) that might reasonably pose a risk to the appropriate use of contributed funds;<sup>10</sup>

(11) ensure that scholarships are portable during the school year and can be used at any qualifying school to which the scholarship granting organization grants scholarships and that accepts the eligible student according to a parent's wishes. If

137 a student moves to a new qualifying school during a school year, the scholarship  
138 amount may be prorated.

139  
140 (12) publicly report to the Department by June 1 of each year the following  
141 information prepared by a certified public accountant regarding their grants in the  
142 previous calendar year:

143  
144 (a) the name and address of the student support organization;

145  
146 (b) the total number and total dollar amount of contributions received  
147 during the previous calendar year; and

148  
149 (c) the total number and total dollar amount of educational scholarships  
150 awarded during the previous calendar year, the total number and total  
151 dollar amount of educational scholarships awarded during the previous  
152 year to students qualifying for the federal free and reduced-price lunch  
153 program,<sup>11</sup> and the percentage of first-time recipients of educational  
154 scholarships who were enrolled in a public school during the previous  
155 year.

156  
157 (13) Ensure scholarships are not provided for students to attend a school with paid  
158 staff or board members, or relatives thereof, in common with the scholarship  
159 granting organization.

160  
161 (B) Financial Accountability Standards.<sup>12</sup>

162  
163 (1) All scholarship granting organizations shall demonstrate their financial  
164 accountability by:

165  
166 (a) annually submitting to the Department a financial information report  
167 for the organization that complies with uniform financial accounting  
168 standards established by the Department and conducted by a certified  
169 public accountant; and

170  
171 (b) having the auditor certify that the report is free of material  
172 misstatements.

173  
174 (2) All participating private schools shall demonstrate financial viability, if they  
175 are to receive donations of \$50,000 or more during the school year, by:

176  
177 (a) filing with the scholarship granting organization prior to the start of the  
178 school year a surety bond payable to the scholarship granting organization  
179 in an amount equal to the aggregate amount of contributions expected to  
180 be received during the school year; or



(b) filing with the scholarship granting organization prior to the start of the school year financial information that demonstrates the financial viability of the participating school.

## **Section 5. {Program Oversight of Participating Schools.}**

(A) Each scholarship granting organization shall collect written verification from participating, private schools that accept its scholarship students that those schools:

(1) comply with all health and safety laws or codes that apply to private schools;

(2) hold a valid occupancy permit if required by their municipality;

(3) certify that they comply with the nondiscrimination policies set forth in 42 USC 1981;<sup>13</sup> and

(4) conduct criminal background checks on employees and then:

(a) exclude from employment any people not permitted by state law to work in a private school; and

(b) exclude from employment any people that might reasonably pose a threat to the safety of students.<sup>14</sup>

(B) Academic Accountability Standards. There must be sufficient information about the academic impact scholarship tax credits have on participating students in order to allow parents and taxpayers to measure the achievements of the program, and therefore:

(1) each scholarship granting organization shall ensure that participating schools that accept its scholarship shall<sup>15</sup>:

(a) provide graduation rates of participating students to the Department or an organization chosen by the state in a manner consistent with nationally recognized standards; and

(b) provide to the Department or an organization chosen by the state the results from an annual parental satisfaction survey, including information about the number of years that the parent's child has participated in the scholarship program. The annual satisfaction survey shall ask parents of scholarship students to express:

(1) Their satisfaction with their child's academic achievement, including academic achievement at the school their child attended through the scholarship program versus academic achievement at the school previously attended;

(2) Their satisfaction with school safety at the schools their child attends through the scholarship program versus safety at the schools previously attended;

(3) Whether their child would have been able to attend their school of choice without the scholarship; and

(4) Their opinions on other topics, items, or issues that the department finds would elicit information about the effectiveness of the scholarship program.

## **Section 6. {Responsibilities of the Department of Revenue.}**

(A) The Department shall adopt rules and procedures consistent with this act as necessary to implement the program.

(B) The Department shall provide a standardized format for a receipt to be issued by a scholarship granting organization to a taxpayer to indicate the value of a contribution received. The Department shall require a taxpayer to provide a copy of this receipt when claiming the Educational Choice Tax Credit.

(C) The Department shall provide a standardized format for a scholarship granting organizations to report the information in Section 4(A)(10) above.

(D) The Department shall have the authority to conduct either a financial review or audit of a scholarship granting organization if possessing evidence of fraud.

(E) The Department may bar a scholarship granting organization from participating in the program if the Department establishes that the scholarship granting organization has intentionally and substantially failed to comply with the requirements in Section 4 or Section 5.

(F) If the Department decides to bar a scholarship granting organization from the program, it shall notify affected scholarship students and their parents of this decision as quickly as possible.

(G) The Department shall allow a taxpayer to divert a prorated amount of state income tax withholdings to a scholarship granting organization of the taxpayer's choice up to the maximum credit allowed by law, including carry-over credits. The Department shall have the authority to develop a procedure to facilitate this process.<sup>16</sup>

## **Section 7. {Responsibilities of Qualifying Schools.}**

(A) All qualifying schools shall comply with all state laws that apply to private schools regarding criminal background checks for employees and exclude from employment any people not permitted by state law to work in a private school.<sup>17</sup>

**Section 8. {Effective Date.}** The Educational Choice Tax Credit may be first claimed in the next calendar year.

***Endnotes***

These notes are intended to provide guidance to legislators on some of the key policy questions they will encounter in drafting and debating school choice tax credit legislation. In general, legislators and the public seek greater state regulation of programs directly funded by the government than of tax credit programs under the belief that tax credits are private funds kept by taxpayers rather than public funds expended by governments. However, insufficient accountability regulation can produce situations that undermine public and legislative support for the program. In recognition of this potential, we have chosen to recommend the establishment and state regulation of scholarship granting organizations rather than heavy government regulation of private contributions and private schools.

The authors chose to use a multiple of this familiar income standard to recognize that many low- and middle-income families cannot afford the choice of a private school. Experience suggests that most parents' ability to choose a private school is quite limited until the household income approaches \$75,000 for a family of four. We have chosen a multiple of 2.5 times the FRL standard to reflect this reality. Legislators may wish to use different multiples of this standard but should keep in mind the financial burden many middle-class families face in paying for private schools.

***Additional Note:***

It is fairly common for legislators to consider including severability clauses in new legislation. Legislators should make sure that if such clauses are included and exercised, the remaining legislation produces a program that is workable and achieves the original intent of the bill.

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<sup>1</sup> The definition for an eligible student is limited to those children in a household whose annual income does not exceed an amount equal to two times the income standard used to qualify for the federal free and reduced-price lunch program (FRL). The authors chose this standard for several reasons: 1) the FRL program is familiar to both schools and many parents; 2) the verification procedures are simple and familiar to school administrators; 3) the income guidelines are used for a number of existing state and federal programs; 4) the federal government annually adjusts the income guidelines; and 5) the income guidelines are adjusted for family size.

Alternatively, to avoid pegging the threshold to a federal program that may be modified in the future, the legislation could set a base dollar amount that increases with family size (e.g. -- \$60,000 plus \$10,000 per child). This threshold should be adjusted annually based on the Consumer Price Index.

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<sup>2</sup> The definition for an eligible student in this model legislation includes students presently enrolled in a private school. Drafted this way, the tax credit will necessarily reward many families who are already financing their child's education at a non-resident public school or a private school. For this reason some states with a scholarship tax credit program have chosen to place a cap on the total dollar amount of scholarships eligible for the tax credit. Alternatively, legislators wishing to draft a bill with a more modest fiscal impact may want to limit eligibility to students who attended a public school in the last year or are starting school in their state for the first time. In this case, there may actually be a savings for state taxpayers since a scholarship covering private school costs in many cases will be less than the cost of state support provided to students attending a public school. An additional way to limit the fiscal impact or even produce savings would be to cap the size of individual scholarships. In that case, the authors recommend limiting the size of a SGO's *average* scholarship to no more than the state's average total per pupil spending contribution, adjusting for special needs students and students who qualify for the federal free-and-reduced lunch program or similar state programs. By placing a cap on the average scholarship size rather than the size of each scholarship, SGOs are given greater flexibility to tailor scholarship disbursements to meet the needs of individual families.

<sup>3</sup> This model legislation creates an additional class of eligible students who are from low-income families. Scholarship granting organizations are required to make sure that an appropriate proportion of their scholarship assistance reaches the poorest families in the state (see Section 4 (A)(6)). This ensures that assistance reaches the families who are least able to afford the school of their choice.

<sup>4</sup> This model legislation allows students to use a scholarship to attend a public school outside their district as well as a private school or home school. The authors support giving parents the widest possible array of choices so that they can choose the school that best meets their child's needs. Making sure parents can choose either a public or private school is not only the right policy but also the best legal strategy. The U.S. Supreme Court and various state courts have all cited this broad array of choices as an important part of the reason they have found school choice programs constitutional. The courts have reasoned that these scholarship programs are not an inappropriate subsidy of religious institutions because the purpose was secular (the education of children) and the parents were given many options including public schools, charter schools, private secular schools, and private religious schools. If a state already has open enrollment or some other form of public school choice, then this legislation should be made consistent with the existing program. In fact, if a state already has a broad array of school choice options available to parents, then a state may be able to add an option for just private schools without encountering constitutional questions.

<sup>5</sup> This bill ultimately limits the tax credit an individual, married couple, or corporation can claim to 50 percent of their tax liability. While most states have chosen to implement a dollar cap on the tax credit available to each entity, this methodology is more equitable since it adjusts the cap to treat all taxpayers proportionately the same. The authors chose

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50 percent because, in general, states spend about one-half of their income tax receipts on education. Allowing taxpayers to claim a tax credit for more than 50 percent of their liability opens the program up to charges that money is being diverted from non-education programs to support private schools. The downside of this approach is that it makes fundraising more difficult for the scholarship granting organizations. This could severely limit the number of students that scholarship granting organizations are able to aid, particularly in the early years of the program. Hence, the limit is phased in over the course of a decade with no limits at all in the first five years of the program.

In the event that legislators decide to place a dollar cap on the entire program instead, it is recommended that the cap include an automatic escalator allowing the program to grow over time to meet demand (e.g. – an increase of 20 percent whenever the claimed credits reach 90 percent of the total credit cap).

<sup>6</sup> The bill allows a taxpayer to carry forward any unused tax credits for up to three years. Individual incomes and corporate profits are often quite volatile. As a result, taxpayers may not have a liability against which to claim a credit in certain years. Yet the need for scholarship assistance by a student is likely to be relatively constant. Therefore, it is important to allow taxpayers to carry forward unused tax credits into other tax years to ensure that taxpayers have an incentive to continue to contribute to scholarship granting organizations even in years in which the taxpayer has no tax liability.

<sup>7</sup> The model legislation requires the establishment of scholarship granting organizations to protect scholarship recipients, frustrate attempts at fraud, and measure the impact of the program without heavy government regulation of private contributions and private schools. We prefer rigorous self-regulation by taxpayers and independent regulation of private school participation by SGO's in lieu of intrusive government regulation.

<sup>8</sup> The goal of this legislation is to provide every parent with the opportunity to send their child to the school that best meets their child's needs regardless of their family's income. The need for scholarship assistance is obviously greatest among low-income families. This requirement ensures that a proportionate amount of the scholarship assistance is given to the families financially least able to send their child to the school of their choice.

<sup>9</sup> The goal of the program is to expand the number of families who can afford to send their children to the school of their choice. Therefore, legislators may wish to require that a certain percentage of the scholarship assistance go to children who were not already in private schools. This will also hold down the costs of the program and increase the efficiency of the financial incentive for expanding choice. This requirement will be particularly important in states that choose to place a total dollar cap on the tax credit program since a limited amount of tax credits could be claimed for scholarship assistance to students previously attending private schools.

<sup>10</sup> The purpose of the criminal background checks is to protect both the contributors and recipients of scholarship assistance from potential fraud or mismanagement of the funds.

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The legislation gives the scholarship granting organizations the responsibility to do background checks, which gives them the power to exclude potential risks from the organization and alleviates liability issues for their employment decisions.

<sup>11</sup> Collecting information regarding how many scholarship students qualify for free and reduced-price lunch will give policymakers a sense of the students that are being served by scholarship tax credit programs. These income guidelines are broadly known and already used in private schools.

<sup>12</sup> The purpose of the financial information report and the demonstration of financial viability is to protect both the contributors and recipients of scholarship assistance from potential fraud or mismanagement of the funds. The model legislation provides for two methods for participating schools to demonstrate financial viability to ensure that scholarship funds are secure. The first method employs a market-based means of demonstrating viability. Companies that issue surety bonds have a financial interest in making sure that the schools can repay any funds that might be owed to the scholarship granting organization. They will therefore conduct the checks necessary to protect their financial interest as well as the financial interests of the contributors and recipients. Surety bonds can be expensive or invasive for some institutions so the legislation allows these schools to demonstrate by some other means that they have the financial wherewithal to fulfill their scholarship obligations. This might include things like personal guarantees, reserve accounts, or escrow accounts. The legislation does not call for an independent audit because this would be unnecessarily expensive and invasive for these private organizations.

<sup>13</sup> Under 42 USC 1981, private schools are already prohibited from discriminating with respect to race, color, and national origin. In addition, if private schools are recipients of federal funds, they are subject to nondiscrimination requirements under 42 USC 2000d (race, color, national origin) and 29 USC 794 (disability).

<sup>14</sup> This language is valuable in two cases: 1) a small number of states prohibit discriminating against felons in hiring even for sensitive positions in schools, and this language would give schools clear authority to dismiss or not hire individuals who pose a risk to student safety; and 2) some religious schools see rehabilitation as part of their mission. In this case, the schools could hire someone with a criminal background who they believe is no longer a threat to students, such as someone who committed nonviolent crimes or has decades-old violations followed by a clean record. This language would give schools the responsibility to do background checks, the power to exclude potential risks from the school, and the liability for their employment decisions.

<sup>15</sup> If legislators are concerned that parents of participating students may not feel comfortable honestly answering a survey administered by a SGO through which their child receives a scholarship, they can require that the Department or an organization chosen by the state administer the parental satisfaction survey instead.

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<sup>16</sup> The legislation allows the Department to establish a mechanism that facilitates regular contributions from a taxpayer's income tax withholdings to a scholarship granting organization in anticipation of the taxpayer claiming a tax credit. This would likely encourage greater contributions to scholarship support organizations.

<sup>17</sup> If necessary to limit qualifying schools to those operating in-state, the following clause could be inserted here: "All qualified schools shall be required to operate in {state}."

# Sunset Review

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## Education Task Force

Credit Articulation Agreements Act

Founding Principles Act

Higher Education Scholarships for High School Pupils Act

Inclusive College Savings Plan Act

Online Learning Clearinghouse Act

The Public School Financial Transparency Act



## **Credit Articulation Agreements Act**

### ***Summary***

The Credit Articulation Agreements Act would require statewide degree transfer agreements (transfer agreements) to transfer associate of arts (AA) degrees and associate of science (AS) degrees from one state institution of higher education (institution) to another. A student who earns an AA or AS degree that is the subject of a transfer agreement and who is admitted to a four-year institution will be enrolled with junior status. However, an institution that admits the student may require the student to complete additional lower-level courses if necessary for the degree program to which the student transfers, so long as the additional credits do not extend the student's time to degree completion beyond that required for a student who begins and completes his or her degree at the institution.

### ***Legislation***

#### **Section 1. {Title} Credit Articulation Agreements Act**

#### **Section 2. {Definitions} As used in this Act, unless the context otherwise requires:**

(A) "Native student" means a student who begins and completes an undergraduate degree program at a single state institution of higher education.

(B) "State institution of higher education" shall have the same meaning as provided in [insert appropriate reference].

(C) "Statewide degree transfer agreement" means an agreement among all of the state institutions of higher education for the transfer of an associate of arts or an associate of science degree. A statewide degree transfer agreement applies to common degree programs and specifies the common terms, conditions, and expectations for students enrolled in statewide degree transfer programs.

#### **Section 3. {Duties and powers of the commission with regard to system-wide planning}**

(A)

(1) The commission shall establish, after consultation with the governing boards of institutions, and enforce statewide degree transfer agreements between two-year and four-year state institutions of higher education among four-year state institutions of higher education. Governing boards and state institutions of higher education shall implement the statewide degree transfer agreements and the

commission policies relating to the statewide degree transfer agreements. The Statewide degree transfer agreements shall include provisions under which state institutions of higher education shall accept all credit hours of acceptable course work for automatic transfer from an associate of arts or associate of science degree program in another state institution of higher education in [state]. The commission shall have final authority in resolving transfer disputes.

(2)

(a) A student who completes an associate of arts or associate of science degree that is the subject of a statewide degree transfer agreement and who transfers from the state institution of higher education that awarded the degree to a four-year state institution of higher education shall, if admitted, be enrolled with junior status. Successful completion of an associate of arts or associate of science degree does not guarantee the degree holder admission to a four-year state institution of higher education.

(b) A state institution of higher education that admits as a junior a student who holds an associate of arts degree or associate of science degree that is the subject of a statewide degree transfer agreement may not require the student to complete any additional credit hours of lower-division general education courses; except that the institution may require the student to complete additional lower-division general education courses if necessary for preparation in the degree program in which the student enrolls so long as the additional courses are consistent with published degree program requirements for native students and do not extend the time to degree completion beyond that required for native students in the same degree program.

(3)

(a) Beginning July 1, 2010, the commission, in collaboration with the governing boards and the council convened pursuant to [insert appropriate reference], shall negotiate statewide degree transfer agreements and shall ensure that there are at least four statewide degree transfer agreements in place no later than July 1, 2012, and that by no later than July 1, 2016, there are a total of at least fourteen (14) statewide degree transfer agreements.

(b) The governing boards shall recommend to the commission the degree programs that would be most appropriate for statewide degree transfer agreements based on student demand and the workforce needs of the state.

(4) The existence of statewide degree transfer agreements does not preclude or restrict a state institution of higher education from awarding nontransfer associate

of arts or associate of science degrees, applied associate degrees, or general liberal arts associate or arts or associate of science degrees.

(5) Nothing in this Section 3 shall be construed to:

(a) prevent or otherwise interfere with the ability of a state institution of higher education to fulfill its statutory role and mission;

(b) prohibit one or more state institutions of higher education from entering into memoranda of understanding for the transfer of degrees among the agree institutions; or

(c) impair any memorandum of understanding between or among institutions of higher education in effect prior to the effective date of this subparagraph (c).

**Section 4. {Severability clause}**

**Section 5. {Repealer clause}**

**Section 6. {Effective date}**

*Adopted by the Education Task Force at the Annual Meeting, August 6, 2010. Approved by the ALEC Legislative Board of Directors, September 19, 2010.*

## Founding Principles Act

### *Summary*

The Founding Principles Act would require during the high school years the teaching of a semester-long course on the philosophical understandings and the founders' principles, which are the foundation of our form of government for a free people, as incorporated in the Declaration of Independence, the United States Constitution, and the Federalist Papers.

### *Model Legislation*

**Section 1. {Title}** Founding Principles Act.

**Section 2. {Findings}** The legislature finds and declares:

**Whereas**, the adoption of the Declaration of Independence in 1776 and the signing of the United States Constitution in 1787 were seminal events in the history of the United States, the Declaration of Independence providing the philosophical foundation on which the nation rests, and the Constitution of the United States providing its structure of government; and

**Whereas**, the Federalist Papers embody the most eloquent and forceful argument made in support of the adoption of our republican form of government; and

**Whereas**, these documents, along with the writings of the Founders, stand as the foundation of our form of democracy, providing at the same time the touchstone of our national identity and the vehicle for orderly growth and change; and

**Whereas**, these Founding Documents established a set of principles, known as the Founders' Principles, which are the heart and soul of a government for a free society; and

**Whereas**, these principles enabled a group of 13 colonies to become the greatest and most powerful nation on earth in a relatively short period of time; and

**Whereas**, most Americans do not know about nor understand the timely and timeless importance of these principles to our form of government and to their current lives; and

**Whereas**, the survival of the republic requires that our nation's children, the future guardians of its heritage and participants in its governance, have a clear understanding of these principles and the importance of their preservation.

**Now therefore**, the State enacts the following:

45  
46 **Section 3. {Main provisions}**  
47

48 (A) Local boards of education shall require during the high school years the teaching of a  
49 semester course on:

50  
51 (1) the philosophical foundations of our form of government, and  
52

53 (2) the principles underlying the Declaration of Independence , the United States  
54 Constitution, the Federalist Papers, and the writings of the Founders, which are  
55 the principles of government for a free people and are known as the” Founders’  
56 Principles.  
57

58 (B) Local boards of education shall include among the requirements for graduation from  
59 high school a passing grade in a semester course on the principles underlying the  
60 Declaration of Independence, the United States Constitution, and the Federalist Papers.  
61

62 (C) The State Board of Education shall require that any curriculum-based tests  
63 administrated statewide beginning with [insert appropriate dates] academic year include  
64 questions related to the principles underlying the Declaration of Independence, the United  
65 States Constitution, and the most important arguments of the Federalist Papers.  
66

67 (D) The State Department of Public Instruction [or other appropriate department] and the  
68 local boards of education, as appropriate, shall provide curriculum content for the  
69 semester course and teacher training to ensure that the intent and provisions of this  
70 subsection are carried out.  
71

72 (E) The Department of Public Instruction [or other appropriate department] shall submit a  
73 biennial report to the General Assembly covering:  
74

75 (1) the implementation of this subsection; and  
76

77 (2) the statewide student results from the State curriculum-based tests  
78 administered in accordance with subdivision 3 of this subsection.  
79

80 **Section 4. {Severability clause}**  
81

82 **Section 5. {Repealer clause}**  
83

84 **Section 6. {Effective date}**  
85

86 *Adopted by the Education Task Force at its Spring Task Force Meeting on April 30, 2010.*  
87 *Approved by the ALEC Legislative Board of Directors on June 3, 2010.*  
88

## **Higher Education Scholarships for High School Pupils Act**

### ***Summary***

This bill enables a school district to adopt and offer higher education scholarships for high school pupils to any high school pupil who graduates high school early and who achieves a score in the “proficient” range or above on all subjects tested in the statewide assessment. The scholarship would be equivalent to 1/2 of the total per-pupil expenditure for high school pupils in such school district to be used to defray tuition costs at any public or private institution of higher education within or outside of [state].

### ***Legislation***

#### **Section 1. {Title} Higher Education Scholarships for High School Pupils**

#### **Section 2. {Basic elements of the Act}**

Upon adoption of this subdivision in a school district, a pupil who graduates from high school prior to his or her scheduled graduation date, and who achieves a score in the “proficient” range or above in all subjects tested in the statewide assessments, shall receive from the school district in which he or she resides, a scholarship equal to 1/2 of the total per pupil expenditure for high school pupils in such school district for the purpose of defraying tuition costs at any public or private institution of higher education within or outside of [state].

#### **Section 3. {Procedure for adoption}**

(A) Any school district may adopt the provisions of this chapter in the following manner:

(1) In a school district, other than a school district that has adopted a charter, the question shall be placed on the warrant of a special or annual school district meeting, by the governing body or by petition.

(2) In a school district that has adopted a charter, the legislative body may consider and act upon the question in accordance with its normal procedures for passage of resolutions, ordinances, and other legislation. In the alternative, the legislative body of such school district may vote to place the question on the official ballot for any regular municipal election.

(B) The vote shall include the provisions of this chapter. If a majority of those voting on the question vote “yes,” the provisions of this chapter shall take effect within the school district, on the date set by the governing body, or July 1 following its adoption, whichever shall occur first.

(C) A school district may modify, if applicable, or rescind the provisions of this chapter in the manner described in this section.

(D) An amendment to this chapter related to the amount of the scholarship or eligibility for the scholarship, shall apply in a school district which previously adopted the provision only after the school district complies with the procedure in this section, unless otherwise expressly required by law.

**Section 4. {Severability clause}**

**Section 5. {Repealer clause}**

**Section 6. {Effective date}** This act shall take effect 60 days after its passage.

*Adopted by the Education Task Force at the Annual Meeting, August 6, 2010. Approved  
by the ALEC Legislative Board of Directors, September 19, 2010.*

## **Inclusive College Savings Plan Act**

### ***Summary***

This Act will increase opportunities for state residents to invest in 529 college savings plans.

### ***Legislation***

**{Title, enacting clause, etc.}**

**Section 1. {Title}** This Act may be cited as the Inclusive College Savings Act.

**Section 2. {Definitions}** For the purposes of this Act:

(A) “Account” means an individual trust account or savings account established pursuant to [state code] as authorized by 26 U.S.C. sec 529.<sup>i</sup>

(B) “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

(C) “Account owner” means the person designated at the time an account is opened as having the right to withdraw funds from the account before the account is disbursed to or for the benefit of the designated beneficiary.

(D) “Designated beneficiary” or “beneficiary” means, with respect to an account, the person designated at the time the account is opened, or the person who replaces a designated beneficiary, as the person whose education expenses are expected to be paid from the account.

(E) “Default investment” means a principal preservation fund or an age- or enrollment-based portfolio chosen by the 529 plan administrator if an applicant does not select one of the investments offered.

(F) “Age- or enrollment-based portfolio” means a mix of stocks, bonds and money-market funds allocated according to when the designated beneficiary is expected to enter college. As the beneficiary approaches college enrollment, the investment mix adjusts and becomes increasingly conservative.

(G) “Direct-sold 529 plans” are purchased directly through the state and have lower total annual expenses than broker-sold plans.

(H) “Public assistance programs” means federal programs such as Temporary Assistance for Needy Families (TANF), Medicaid, the State Children’s Health Insurance Program



(SCHIP) and the Low Income Home Energy Assistance Program (LIHEAP) that require households to “spend down” or maintain assets below minimum levels to qualify for aid.

(I) “Nonqualified withdrawal” means a withdrawal from an account other than a qualified withdrawal, a withdrawal made as the result of the death or disability of the designated beneficiary of an account, a withdrawal made as a result of the beneficiary’s receipt of a scholarship, or a rollover or change of designated beneficiary.

(J) “Principal preservation fund” means an investment fund that does not place principal at risk.

**Section 3. {Direct deposit of tax refunds to 529 accounts}** The [state tax agency] shall include on individual income tax forms a designation as follows:

“If you are entitled to a refund, check if you wish to designate ☐ \$25, ☐ \$50, ☐ \$100, ☐ (write in amount) or ☐ all of your refund to a [state] 529 account. Your refund will be reduced by this amount.”

**Section 4. {Identify a default investment}** The [529 plan administrator]<sup>1</sup> shall identify an age- or enrollment-based portfolio as a default investment in the direct-sold 529 plan.<sup>2</sup>

**Section 5. {Eliminate 529 assets from public assistance eligibility determinations}** A [state 529 plan] account shall be exempt for purposes of determining eligibility for public assistance, provided that the federal rules for these programs permit such exemptions.<sup>3</sup>

**Section 6. {Remove 529 plan balances from state student financial aid calculations}** Notwithstanding any other provision of [the state tax code], no money invested in [a state 529 plan account] shall be considered to be an asset for purposes of determining an individual's eligibility for a need-based grant, need-based scholarship or need-based work opportunity offered by the state under [state financial aid provisions].<sup>4</sup>

**Section 7. {Extend tax benefits to 529 contributors beyond account owners}** A taxpayer may deduct on a dollar-for-dollar basis, to the extent not deducted elsewhere in determining adjusted gross income, contributions made by the taxpayer during the tax year to a [state 529 plan account], pursuant to the [state 529 plan enacting legislation],

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<sup>1</sup> State treasurers typically administer state 529 plans.

<sup>2</sup> A default investment in the direct-sold 529 plan simplifies the enrollment process and benefits individuals who are uncertain about which investment option to select.

<sup>3</sup> Several states have eliminated asset tests for public assistance programs. There is no federal requirement for states to obtain federal waivers to implement such changes. Recent federal legislation excludes 529 plans from asset tests in the Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps.

<sup>4</sup> At least 17 states exempt assets in 529 plans from financial-aid calculations. Removing 529 savings from financial-aid consideration could potentially increase the total number of students eligible to receive aid and thus diminish the funds available for the neediest students. States should weigh whether the benefits of exempting state 529 assets from state financial-aid calculations will outweigh the potential costs.

not to exceed a total yearly deduction of [\$x amount] for a single return or [\$2x] for a joint return.

**Section 8. {Provide tax incentives to employers for 529 plan contributions}** Each taxpayer who, during the tax year, makes a contribution (i) to a [state 529 plan account] under [state code provision(s)] in an amount matching a contribution made in the same tax year by an employee of the taxpayer to that 529 plan account is entitled to a [deduction or credit] against the tax imposed under [the state business tax provision] in an amount equal to [percentage] of that matching contribution, but not to exceed [\$x] per contributing employee per tax year.

**Section 9. {Match 529 account deposits by low- to moderate-income account owners}** The provisions of this section shall be subject to the limitations of appropriations. The amount of contributions made to an account by an account owner who establishes a [state 529 plan] pursuant to [state code section(s)] and has an income of not more than 250% of the federal poverty level shall be matched by the state on a dollar-for-dollar basis up to [\$x] if the account owner contributes at least [\$x] in each calendar year in which the account is open.

**Section 10. {Severability clause}**

**Section 11. {Repealer clause}**

**Section 12. {Effective date}** This Act is effective upon passage.

*Adopted by the Education Task Force at its Spring Task Force Meeting on April 30, 2010.  
Approved by the ALEC Legislative Board of Directors on June 3, 2010.*

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<sup>i</sup> 26 U.S.C. § 529 defines qualified tuition programs, both prepaid or savings plans, for postsecondary education. Under a prepaid program, an individual purchases tuition credits for higher education expenses. This model legislation focuses exclusively on state college savings plans in which an individual or individuals contribute(s) to an account for a beneficiary's future higher education expenses. 529 plans are designed so that individuals can make after-tax deposits for tuition, fees, books, supplies and equipment at community colleges, universities, vocational and technical schools or other postsecondary institutions.

## Online Learning Clearinghouse Act

### *Summary*

The Online Learning Clearinghouse Act creates a clearinghouse through which school districts may offer their computer-based courses to students of other school districts.

### *Legislation*

#### **Section 1. {Title} Online Learning Clearinghouse Act**

#### **Section 2. {Definitions}**

(A) “Clearinghouse” means the clearinghouse established under Section 3.

(B) “Data verification code” means a code that is assigned to each student that is unique on a statewide basis.

(C) “One credit” and “half-credit” mean the customary academic unit of credit granted for secondary school courses in this state.

(D) “Student’s school district” means the school district operating the school in which the student is lawfully enrolled.

#### **Section 3. {Commission to establish clearinghouse of online learning courses}**

(A) The commission shall establish a clearinghouse of interactive distance learning courses and other distance learning courses delivered via a computer-based method offered by school districts for sharing with other school districts for the fee set pursuant to Section 5. The commission shall not be responsible for the content of the courses offered through the clearinghouse; however, all such courses shall be delivered only in accordance with technical specifications approved by the commission.

(B) To offer a course through the clearinghouse, a school district shall apply to the commission in a form and manner prescribed by the commission. The application for each course shall describe the course of study in as much detail as required by the commission, the qualification and credentials of the teacher, the number of hours of instruction, the technology required to deliver and receive the course, the technical capacity of the school district to deliver the course, the times that the school district plans to deliver the course, and any other information required by the commission. The commission may require school districts to include in their applications information recommended by the state board of education.

(C) The commission shall review the technical specifications of each application submitted under Paragraph (B) of this Section and shall approve a course offered if the commission determines that the school district can satisfactorily deliver the course through the technology necessary for that delivery. In reviewing applications, the commission may consult with the department of education; however, the responsibility to either approve or not approve a course for the clearinghouse belongs to the commission. The commission may request additional information from a school district that submits an application under Paragraph (B) of this Section, if the commission determines that such information is necessary. The commission may negotiate changes in the proposal to offer a course, if the commission determines that changes are necessary in order to approve the course.

(D) The commission shall catalog each course approved for the clearinghouse, through a print or electronic medium, displaying the following:

(1) Information necessary for a student and the student's parent, guardian, or custodian and the student's school district or charter school to decide whether to enroll in the course; and

(2) Instructions for enrolling in that course, including deadlines for enrollment.

#### **Section 4. {Enrollment in clearinghouse course – participation – withdrawal}**

(A) A student who is enrolled in a school operated by a school district or in a charter school may enroll in a course included in the clearinghouse only if both of the following conditions are satisfied:

(1) The student's enrollment in the course is approved by the student's school district or the student's charter school; and

(2) The student's school district or the student's charter school agrees to accept for credit the grade assigned by the district that is delivering the course.

(B) For each student enrolling in a course, the student's school district or the student's charter school shall transmit the student's data verification code and the student's name to the school district delivering the course.

The district delivering the course may request from the student's school district or the student's charter school other information from the student's school record. The student's school district or the student's charter school shall provide the requested information only in accordance with state law.

(C) The student's school district or the student's charter school shall determine the manner in which and facilities at which the student shall participate in the course consistent with specifications for technology and connectivity adopted by the commission.

(D) A student may withdraw from a course prior to the end of the course only by a date and in a manner prescribed by the student's school district or charter school.

(E) A student who is enrolled in a school operated by a school district or in a charter school and who takes a course included in the clearinghouse shall be counted in the funding formula of the providing school district as if the student were taking the course from the student's school district or the student's charter school.

#### **Section 5. {Course fee}**

(A) The commission shall set appropriate fees for one-credit and half-credit courses

(B) The commission shall proportionally reduce the fee for any student who withdraws from a course prior to the end of the course pursuant to Paragraph (D) of Section 4.

(C) For each student enrolled in a course included in the clearinghouse, and not later than the last day of that course, the department of education shall deduct the amount of the fee for that course from the student's school district and shall pay that amount to the school district delivering the course.

#### **Section 6. {Assignment of course grade}**

The grade for a student who enrolls in a course included in the clearinghouse shall be assigned by the school district that delivers the course and shall be transmitted by that district to the student's school district or the student's charter school.

#### **Section 7. {Offering of course as dual enrollment}**

The commission may determine the manner in which a course included in the clearinghouse may be offered as a dual enrollment program as defined in [insert appropriate reference], may be offered to students who are enrolled in nonpublic schools or are instructed at home pursuant to [insert appropriate reference], or may be offered at times outside the normal school day or school week, including any necessary additional fees and methods of payment for a course so offered.

#### **Section 8. {Clearinghouse implementation rules}**

The commission shall adopt rules prescribing procedures for the implementation of this act.

#### **Section 9. {Alternative means for offering computer-based courses}**

Nothing in this act shall prohibit a school district from offering an interactive distance learning course or other distance learning course using a computer-based method through any means other than the clearinghouse established and maintained under those sections.

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*Adopted by the Education Task Force at the Annual Meeting, August 6, 2010. Approved  
by the ALEC Legislative Board of Directors, September 19, 2010.*

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## **The Public School Financial Transparency Act**

### ***Summary***

The Public School Financial Transparency Act would require each local education provider in the state to create and maintain a searchable expenditure and revenue Web site database that includes detailed data of revenues and expenditures. It also would require each local education provider to maintain the data in a format that is easily accessible, searchable, and downloadable.

### ***Model Legislation***

**Section 1. {Title}** The Public School Financial Transparency Act

**Section 2. {Legislative Declaration}**

(A) The Legislature finds that:

(1) Taxpayers should have easier access to details regarding how public schools are spending taxpayer dollars; and

(2) Easier access to and storage of electronic data should facilitate increasing transparency in public school financial matters.

(B) Therefore, it is the intent of the Legislature to direct all local education providers to create and maintain a searchable expenditure and revenue Web site database detailing financial activities.<sup>1</sup>

**Section 3. {Definitions} As used in this Act, unless the context otherwise requires:**

(A)

(1) “Entity” means a corporation, association, union, limited liability company, limited liability partnership, grantee, contractor, local government, other legal entity including a nonprofit corporation, or an employee of the local education provider.

(2) “Entity” shall not include an individual recipient of public assistance.

(B) “Local education provider”<sup>2</sup> means:

(1) a school district organized and existing pursuant to law;

(2) a board of cooperative services or intermediate school district;

(3) a publicly funded agency established by the state for the express purpose of authorizing charter schools;<sup>3</sup> or

(4) a public charter school authorized pursuant to state statutes.

(C) “Public record” shall have the same meaning as set forth in state open records laws.

#### **Section 4. {Creation of Searchable Expenditure and Revenue Web Site Databases}**

(A) No later than one year<sup>4</sup> from the enactment of this legislation, each local education provider shall develop, maintain, and make publicly available a single, searchable expenditure and revenue Web site database that allows the public at no cost to review information concerning moneys collected and expended by the local education provider.

(B)

(1) The Web site database shall include the following data concerning all expenditures made by the local education provider:

(a) The name and principal location or address of the entity receiving moneys, except that information concerning a payment to an employee of the local education provider shall identify the individual employee by name and business address or location only;

(b) The amount of expended moneys;

(c) The funding source of the expended moneys;<sup>5</sup>

(d) The date of the expenditure;

(e) The name of the budget program, activity, or category supporting the expenditure;

(f) A description of the purpose for the expenditure;<sup>6</sup> and

(g) To the extent possible, a unique identifier for each expenditure.<sup>7</sup>

(2) The expenditure data shall be provided in an open structured data format<sup>8</sup> that:

(a) May be downloaded by the user; and

(b) Allows the user to systematically sort, search, and access all data.<sup>9</sup>

(3) The Web site database shall contain only information that is a public record or that is not confidential or otherwise protected from public disclosure pursuant to state or federal law.

(C) The local education provider shall:

(1) Update the financial data contained on the Web site database at least monthly;<sup>10</sup>

(2) Archive the financial data, which shall remain accessible and searchable on the Web site database;

(3) Make the Web site database easily accessible from the main page of the local



65 education provider's Web site; and  
66 (4) Create and make easily accessible an automated Rich Site Summary (RSS)  
67 feed to which users of the Web site database may subscribe for notification of  
68 updates to the Web site database.<sup>11</sup>

## 69 *Endnotes*

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1. As an alternative, states may consider the adoption of a single central database with the state department of education to which local education providers would submit revenue and expenditure data.

2. Ideally, all local education providers should be covered by the mandate. However, exemptions could be considered for smaller providers or for providers that do not currently have a Web site. In addition, other incentives could be considered in place of a mandate as an option for providers concerned about the fixed costs of creating a database—such as requiring that the specified financial information be made available to private requests at a free or heavily reduced rate. This incentive might encourage taxpayers or private entities to collect the information and create databases, thus leading some providers to create databases on their own.

3. Sponsoring lawmakers also may consider including other specific charter school authorizing agencies under the definition of “local education provider.” Some states permit municipal governments, universities, or private nonprofit organizations to authorize charter schools. Only the specific department within any of these respective organizations that is responsible for charter school authorization should be subject to the mandate.

4. At the discretion of sponsoring lawmakers in their respective states, local education providers should be required to comply within a reasonable amount of time. The specified target date for compliance (e.g., January 1, 2010) ideally should be included in the legislative language. A staggered system of delayed opt-in deadlines also may be considered for smaller local education providers or for providers that do not currently have a Web site.

5. Ideally, all sources of revenue (federal, state, and local tax revenue, as well as private donations and fees) should be included. For practical considerations, the precise definition should be left up to the discretion of sponsoring lawmakers in each particular state.

6. If local education providers or lobbying organizations argue that providing descriptions of expenditures would be too difficult, sponsoring lawmakers may consider setting up a delayed deadline for providers to comply with Section 4 (B)(1)(e). Still, it should be pointed out that a clear description of the purpose of an expenditure works to the benefit of the local education provider by forestalling confusion that may lead to public relations difficulties.

7. A unique identifier with each expenditure would make the data more functional.

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However, not all local education providers may use unique identifiers in their expenditure records. Without the qualifying phrase, it could create a costly and time-consuming mandate for providers.

8. “Open” denotes that the format is accessible by users through the use of free software. Local education providers can easily comply by exporting from Microsoft Excel or Quickbooks into an XML (Extensible Markup Language) or a CSV (Comma-Separated Values) file. The removal of the word “open” would allow providers to post an Excel or Quickbooks file directly to the Web site database. Users then would be required to have a purchased copy of that software in order to use the database.

9. As written, local education providers are given the option to build their own database interface or to allow third parties to build an interface using the provider’s data. The addition of the phrase “via a Web-based graphic user interface” at the end of the clause would create a costly and time-consuming mandate for providers. While the addition of the phrase would ensure each provider had its own usable interface, it also would provide no guarantee of quality in comparison to interfaces that may be created by private third-party groups or individuals.

10. Ideally, data reports should be updated at least once per month. But states should have the discretion to adjust the frequency if necessary. In many cases, technology allows for the information to be easily updated on a daily basis.

11. An RSS feed is a simple and inexpensive tool to which parents, taxpayers, and other interested groups can subscribe in order to track updates to the local education provider’s Web site database in a convenient and timely manner.

*Adopted by the ALEC Education and Tax and Fiscal Policy Task Forces at the 36th Annual Meeting, July 16 and 17, 2009, respectively. Approved by the ALEC Legislative Board of Directors August, 2009.*

## **STATE REIMBURSEMENT FUND ACCOUNT POLICY (WHERE APPLICABLE):**

The purpose of the State Reimbursement Fund Account is to provide funding for state lawmakers to attend ALEC conferences, state focus events, and membership events. In those states which allow the establishment of a State Reimbursement Fund Account to be administered by ALEC in Arlington, VA, the Private Sector Chair (where permissible by state law), along with the Public Sector Chair, monitors both contributions and expenditures from that account. The Coordinator of Corporate and Nonprofit Affairs maintains the State Reimbursement Fund account and issues monthly reports of State Reimbursement Fund activity to the regional representatives at ALEC. The regional representatives then provide fund activity to the Public and Private State Chairs and Vice Chairs for their review. Contributions to the ALEC State Reimbursement Fund are tax deductible as ALEC is a non-profit 501(c)(3) corporation. All expenditures from the fund – where applicable – must be approved by the State Chair. No expenditures shall be approved for State Reimbursement Fund Accounts with negative balances. Likewise, no expenditures shall be approved if such will result in the State Reimbursement Fund Account having a negative balance. All disbursements from the ALEC State Reimbursement Fund must be in conformance with all applicable laws, regulations, and rules. Revisions and deviations from this Policy will be made whenever necessary to ensure that the State Reimbursement Fund Account is in full compliance with any applicable law, regulation, or rule.

State chairs must use the template letter with the ALEC logo and the template invoice. The public sector state chair must sign the template letter. Public Sector State Chairs have flexibility to add the signature(s) of the Private Sector State Chair, National Chair or Executive Director. State delegations are encouraged to complete fundraising efforts by the end of the first quarter.

## **AMERICAN LEGISLATIVE EXCHANGE COUNCIL BYLAWS:**

### **Section 10.07 State Reimbursement Funds.**

All funds for ALEC State Reimbursement Funds shall be deposited in accounts designated by the ALEC Legislative Board of Directors. State Chairs are prohibited from establishing, maintaining, or utilizing the accounts. Account expenses can be for ALEC only. Violation of this section shall constitute grounds for (1) immediate removal from a leadership position, and (2) dismissal from membership in accordance with these bylaws.

## **TRAVEL REIMBURSEMENT POLICY BY MEETING:**

### **Spring Task Force Summit:**

1. Spring Task Force Summit Reimbursement Form: ALEC Task Force members are reimbursed by ALEC up to \$350.00 for travel expenses. Receipts must be forwarded to the ALEC Policy Coordinator and approved by the Director of Policy.
2. ALEC Task Force Members' room & tax fees for a two-night stay are reimbursed by ALEC.
3. Official Alternate Task Force Members (chosen by the State Chair and whose names are given to ALEC more than 35 days prior to the meeting to serve in place of a Task Force Member who cannot attend) will be reimbursed in the same manner as Task Force Members.
4. State Reimbursement Form: Any fees above \$350.00 or for expenses other than travel and

room expenses can be submitted by Task Force Members for payment from the state account upon the approval of the State Chair. Receipts must be submitted to the State Chair who will approve disbursement. However, ALEC has ultimate authority over final disbursement. It is the responsibility of each member, not the State Chair, to mail their signed request to the Coordinator of Corporate and Nonprofit Affairs, ALEC, 2900 Crystal Drive, Suite 600, Arlington, VA 22202.

5. Non-Task Force Members can be reimbursed out of the state fund upon approval. Receipts must be submitted to the State Chair who will submit the signed form to the Senior Director of Membership and Development.

### **ALEC Annual Meeting:**

State Reimbursement Form: State funds are available for reimbursement by approval of the ALEC State Chair. Expenses are reimbursed after the conference and may cover the cost of travel, room & tax, and registration. Receipts must be submitted to the State Chair who will approve disbursement. However, ALEC has ultimate authority over final disbursement. It is the responsibility of each member to mail their signed request form to the Coordinator of Corporate and Nonprofit Affairs, ALEC, 2900 Crystal Drive, Suite 600, Arlington, VA 22202.

### **ALEC States & Nation Policy Summit:**

1. States & Nation Policy Summit Reimbursement Form: ALEC reimburses \$2,000.00 per state to cover the cost of travel, room & tax, and registration not to exceed \$1,000.00 per person for state for new ALEC legislators. ALEC recipients are selected by the ALEC State Chair. Expenses are submitted to the State Chair and reimbursed after the conference. The State Chair submits the signed form to the Senior Director of Membership and Development.
2. State Reimbursement Form: Any other fees or payments must be made out of the state account with ALEC's approval. Receipts must be submitted to the State Chair who submits the signed form to the Senior Director of Membership and Development.

### **ALEC Academies:**

Academy Reimbursement Form: Attendees to ALEC Academies are reimbursed by the Task Force Committee hosting the Academy. Attendees will receive a form at the academy and will be reimbursed up to \$500.00 for travel, and room & tax fees for a two-night stay by ALEC. Receipts must be submitted to the State Chair who will approve disbursement. However, ALEC has ultimate authority over final disbursement. It is the responsibility of each member to mail their signed request signed form to the Coordinator of Corporate and Nonprofit Affairs, ALEC, 2900 Crystal Drive, Suite 600, Arlington, VA 22202. Receipts must be forwarded to the ALEC Policy Coordinator and approved by the Senior Director, Policy and Strategic Initiatives.



## **Mission Statement**

To advance free markets, limited government,  
and federalism.